

SOUTH DAKOTA 2008 PROGRESS REPORT

INCREASING ECONOMIC OPPORTUNITY AND IMPROVING
THE QUALITY OF LIFE FOR ALL RURAL AMERICANS.



LETTERS FROM OUR OFFICIALS



ED SCHAFER
SECRETARY OF AG

I have had many great days working with the dedicated men and women at USDA to move our agriculture, conservation, and rural development policies forward. Together, we have accomplished a great deal in a short amount of time.

For more than 70 years, USDA Rural Development's mission has been to deliver a future that brings expanded economic opportunities and an improved quality of life for rural residents. My family's heritage is deeply rooted in rural agriculture, and I will forever be proud of my rural upbringing. Also, having served 8 years as Governor of an agriculture State, North Dakota, gave me a thorough appreciation for rural economic development. Serving USDA has been more

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THOMAS C. DORR
UNDER SECRETARY

FOCUSING ON OPPORTUNITY...Call it the Rural Renaissance.

Rural America is changing. An estimated 60 million people live in rural areas and most of them don't farm. Traditional rural industries -- agriculture, forestry, and mining -- are still important, but rural America today is diverse, vibrant, and growing. It is a place where world-class diagnostics can be made available to local health providers via the internet ... where an industry leader like Viking Range can thrive in a Mississippi Delta town of fewer than 20,000 people ... where biofuels, wind, and solar power are driving a revolution in renewable energy ... and in which millions of people, who in an earlier era would have fled to the city, find in rural communities a superior quality of life.

These successes don't happen by accident. The internet revolution and broadband have dramatically expanded the horizons of rural communities and businesses. Renewable energy,

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JAFAR J. KARIM
STATE DIRECTOR

South Dakota realized a banner year with an all-time high level of funding delivered to the state through the USDA Rural Development during Fiscal Year 2008. With the cooperation of our partners, USDA Rural Development secured over \$374 million in loans and grants to fund local economic development, water projects, emergency response, affordable housing and other community development projects across the state.

USDA Rural Development's investment is a commitment to building South Dakota's future. The impact on people's lives and livelihoods will be felt for years to come. We'll see it in the form of good jobs, safe and affordable housing, essential public services, reliable telecommunications and electricity connections, expanded renewable energy supply, and critical infrastructure that stimulate the economy and improve the quality of life for South Dakotans.

All of this success would not be possible without the efforts of USDA Rural Development employees, our partners in the private and public sector and the congressional delegation working together to ensure tax payer dollars are used wisely and effectively in South Dakota. We're proud to help South Dakota meet present and future needs.

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SOUTH DAKOTA INVESTMENTS

OUR PROGRAMS

RURAL DEVELOPMENT PROVIDES VALUABLE LOAN AND GRANT PROGRAMS AND TECHNICAL ASSISTANCE TO INCREASE ECONOMIC OPPORTUNITY AND IMPROVE THE QUALITY OF LIFE FOR RURAL RESIDENTS, AS WELL AS FINANCE AND FOSTER GROWTH IN HOMEOWNERSHIP, BUSINESS DEVELOPMENT, AND CRITICAL COMMUNITY AND TECHNOLOGY INFRASTRUCTURE.

RURAL DEVELOPMENT INVESTED MORE THAN \$374 MILLION IN FISCAL YEAR 2008 AND \$2.2 BILLION OVER THE PAST 10 YEARS IN SOUTH DAKOTA'S ECONOMY.

RURAL BUSINESS/ COOPERATIVE PROGRAMS

Rural Business Enterprise Grants	\$782,159
Business & Industry Guaranteed Loans	\$14,123,160
Business & Industry Direct Loans	N/A
Intermediary Relending Program	\$4,250,000
Rural Economic Development Loans/Grants	\$1,240,000
Rural Business Opportunity Grants	\$22,500
Rural Cooperative Development Grants	\$195,000
Small Minority Producer Grants	\$175,000
Value Added Development Grants	\$418,144
Renewable Energy & Energy Efficiencies Improvement Loans/Grants	\$495,171
Rural Utilities Service Loans to Electric/Telephone Coops	\$196,133,000
Oglala Oyate Woitanan Empowerment Zone (OOW-EZ)	\$2,455,265
Sub-Total	\$220,289,399

COMMUNITY PROGRAMS

Community Facility Direct Loans	\$4,781,760
Community Facility Guaranteed Loans	\$1,276,000
Community Facility Grants	\$1,402,468
Water & Environmental Program Loan/Grants	\$25,678,528
Distance Learning & Telemedicine Loans/Grants	\$1,286,437
Sub-Total	\$34,425,193

HOUSING PROGRAMS

Guaranteed Rural Housing Loans	\$94,111,729
Rural Rental Housing	\$3,981,694
Preservation Revolving Loan Fund	\$1,750,000
Guaranteed Rural Rental Housing	\$150,000
Rental Assistance	\$7,775,954
Direct Rural Housing (502, 504, HP6)	\$11,220,084
Self-Help Technical Assistance Grants & TSA Grants	N/A
Sub-Total	\$118,989,461

TOTAL INVESTMENTS = \$374 MILLION

- Creating 1,261 jobs and saving 493 jobs through \$21.7 million in loans and grants dedicated to rural business, economic and cooperative development projects.
- Serving 2,140 families through \$119 million dedicated to rural affordable housing loans, grants and rental assistance.
- Improving service to 2,602 new water users and building or improving 31 community facilities through \$34.4 million in loans and grants.
- Building or upgrading electric utility and telecommunications services for rural households, businesses, schools and governments through \$196.1 million in loans and grants.
- Investing \$2.5 million in the Oglala Oyate Woitanan Empowerment Zone located on the Pine Ridge Indian Reservation.

OUR SUCCESS STORIES

WHETSTONE VALLEY BUSINESS OPPORTUNITIES ASSISTS ENTREPRENEURS

Whetstone Valley Business Opportunities was searching for funding opportunities so they could provide free confidential technical assistance to small businesses in Day, Grant and Roberts Counties. They applied and are successful recipients of two USDA Rural Development rural business enterprise grants (REBG).

The assistance has been a tremendous asset to Whetstone Valley Business Opportunities. The funding has allowed them the ability to write business and marketing plans, network with funding agencies and provide technical assistance to existing and emerging businesses.

"WE ENJOY ASSISTING OUR CLIENTS DEVELOP OR RETAIN A SUCCESSFUL BUSINESS. LOCAL COMMUNITIES ALSO BENEFIT FROM THE PRODUCTS AND SERVICES PROVIDED FROM THESE ENTREPRENEURS," SAID FAYE FRERICH, WHETSTONE VALLEY BUSINESS OPPORTUNITIES.

With the grant funds, Whetstone Valley Business Opportunities has been able to assist over 50 entrepreneurs. Whetstone Valley Business Opportunities is located in Wilmot, SD and networks entrepreneurs with the Northeast South Dakota Economic Corporation (NESDEC), Small Business Development Center and local banks.

WIDE VARIETY OF SERVICES OFFERED THROUGH THE WAGNER COMMUNITY MEMORIAL HOSPITAL

Building on its record of providing emergency equipment and health and safety facilities to communities around South Dakota, USDA Rural Development approved a community facility direct loan of \$1,200,000 and a guaranteed loan with the Commercial State Bank of Wagner in the amount of \$1,125,000 to the Wagner Community Memorial Hospital located in Wagner, SD. These funds will be used for the expansion of the current lab and radiology as well as allow this critical access hospital to offer the most advanced medicine and continue growth in outpatient services, new medical technology and provide updated health care delivery for inpatient services.

PARTNERSHIPS AND HARD WORK MAKE HOMEOWNERSHIP A REALITY FOR HENRY HOERNER

Henry Hoerner is disabled; he has not let that hold him back from buying his very own home in Aberdeen, SD. He successfully qualified for and received a loan through USDA Rural Development's direct loan program. Along with these funds, he received a forgivable loan from Opportunity for Independent Living (OIL) and a silent contribution for the lot. "This home is beautiful. It's more spacious than an apartment and I no longer have to climb stairs. Yeah!", exclaimed Henry Hoerner.

Rural Development makes loans and grants to provide rural residents with decent, safe and sanitary housing. USDA programs help finance new or improved housing for moderate, low and very-low income families each year. Our programs provide financing with no down payment, at favorable rates and terms, either through a direct loan or a loan from a private financial institution, which is guaranteed by Rural Development.

"RURAL AMERICA IS DIVERSE, AND THE CHALLENGES FACING RURAL COMMUNITIES ARE WIDE-RANGING, VARIED AND DEFEY HOMOGENEOUS SOLUTIONS."

- GEORGE W. BUSH -
PRESIDENT OF THE UNITED STATES



Learn more about
USDA Rural Development
by visiting our website at:

www.rurdev.usda.gov/sd/

LETTERS FROM OUR OFFICIALS - Continued

Ed Schafer - Secretary of Ag - Continued from Page 2

than a job; it has been a personal commitment. For me, the future of rural America is my future as well. As we enter a new fiscal year, USDA is being called upon to help the Nation develop renewable energy, decrease our reliance on foreign oil, and help create extraordinary opportunities for rural entrepreneurs.

I have been proud to serve our Nation during these exciting and challenging times. I am confident that with the support of USDA Rural Development, rural America's best days are yet to come.

Thomas C. Dorr - Under Secretary - Continued from Page 2

which is largely rural energy, is generating new economic growth and jobs. Farm income, farm exports, and farm equity are at record highs. Rural communities across the country are upgrading hospitals, schools, and other essential community services. Across the country, smaller cities are emerging as regional hubs in a restructuring global economy. As economic opportunity and the quality of life in rural communities continue to improve, the future of rural America is bright.

For USDA Rural Development, these changes represent both a challenge and an opportunity. Since 2001, USDA Rural Development has invested over \$111 billion in business development, infrastructure, community facilities and rural housing. To us, the Rural Renaissance is not just a slogan; it is already a tangible reality in many rural communities, and a promise of a better tomorrow in many others.

It is also a continuing challenge of reinvention, retraining, and redefinition for USDA Rural Development itself. We are reorganizing and streamlining our staff, offices, and regulations. We have consolidated almost 350 small, single purpose offices with a goal of making all services accessible at all locations. We have become more efficient and more responsive, and we have implemented major new tools to increase accountability and transparency.

Above all, we are working to empower rural residents, businesses, and communities to take control of their own futures. USDA Rural Development is aggressively seeking out partners for development in the private sector, non-profit organizations, tribal entities, and local government. Our success is measured by their success, and we have succeeded fully only when a project graduates to self-sufficiency.

For rural America, this is truly a moment of opportunity. Since the dawn of the industrial age, the inexorable logic of economies of scale has urbanized America. But today, modern transportation and communications have shattered the traditional barriers of time and distance. The internet and distributed computing allow distributed networks to spread costs and compete effectively with larger, more centralized rivals. Technology gives both individuals and businesses unprecedented freedom to live locally and compete globally. In an information economy, modern technology is finally leveling the playing field.

USDA Rural Development is approaching its 75th anniversary, and the prospects for rural America have never been brighter. Rural America is changing. USDA Rural Development is changing along with it to meet new challenges and opportunities. But one thing has not changed: the partnership between USDA Rural Development and millions of rural Americans. It is truly a privilege to serve rural America, and because of that partnership, we can meet the challenges of today with confidence in a better tomorrow.

BUILDING RURAL COMMUNITIES
...ONE FAMILY AT A TIME

DEVELOPING ECONOMIC
OPPORTUNITIES

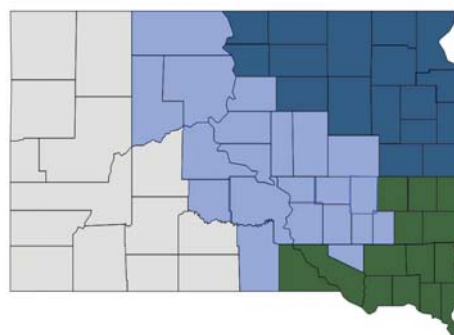
PROVIDING ESSENTIAL
COMMUNITY SERVICES

STRENGTHENING COMMUNITY
INFRASTRUCTURE



DIRECTORY INFORMATION

SOUTH DAKOTA AREA OFFICE LOCATIONS



- AREA I - ABERDEEN
Watertown Sub Office
- AREA II - SIOUX FALLS
Yankton Sub Office
- AREA III - MITCHELL
Pierre Sub Office
- AREA IV - RAPID CITY

STATE OFFICE INFORMATION

State Director Jafar J. Karim
USDA Rural Development
200 4th Street SW
Federal Building, Room 210
Huron, SD 57350

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Facsimile: (605) 352-1146
TDD: (605) 352-1147
Web: www.rurdev.usda.gov/sd

AREA OFFICE INFORMATION

Aberdeen – (605) 226-3360, Ext. 4 / Watertown – (605) 886-8202, Ext. 4
Serves Brookings, Brown, Campbell, Clark, Codington, Day, Deuel, Edmunds, Faulk, Grant, Hamlin, Kingsbury, McPherson, Marshall, Roberts, Spink, and Walworth Counties.

Sioux Falls – (605) 330-4515, Ext. 4 / Yankton – (605) 665-2662, Ext. 4
Serves Bon Homme, Charles Mix, Clay, Hutchinson, Lake, Lincoln, McCook, Miner, Minnehaha, Moody, Turner, Union, Yankton and Gregory Counties.

Mitchell – (605) 996-1564, Ext. 4 / Pierre – (605) 224-8870, Ext. 4
Serves Aurora, Beadle, Brule, Buffalo, Corson, Davison, Dewey, Douglas, Hand, Hanson, Hughes, Hyde, Jerauld, Jones, Lyman, Potter, Sanborn, Stanley, Sully, Tripp, Ziebach, and Corson.

Rapid City – (605) 342-0301, Ext. 4
Serves Bennett, Butte, Custer, Fall River, Haakon, Harding, Jackson, Lawrence, Meade, Mellette, Pennington, Perkins, Shannon, and Todd.

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To file a complaint of discrimination, write to USDA, Director, Office of Civil Rights, 1400 Independence Avenue, S.W. Washington, D.C. 20250-9410, or call (800) 795-3272 (voice), or (202) 720-6382 (TDD). "USDA is an equal opportunity provider, employer, and lender."

USDA RURAL DEVELOPMENT IS 'COMMITTED TO THE FUTURE OF RURAL COMMUNITIES'. IN COLLABORATION WITH OUR PARTNERS, AN ACTIVE CONGRESSIONAL DELEGATION, NATIONAL OFFICE STAFF, AND OUR DEDICATED EMPLOYEES, WE ARE TOUCHING LIVES IN RURAL COMMUNITIES THROUGHOUT SOUTH DAKOTA.

USDA RURAL DEVELOPMENT HAS A STRONG TRADITION OF SERVICE - WE'RE BUILDING A MORE VIBRANT RURAL AMERICA.